Sale of Gold

†2235. SHRI DATTA MEGHE: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to increase its foreign exchange reserve by selling certain quantity of gold out of its buffer stock in view of steep rise in gold prices during the last three years; and

(b) if so, the quantity thereof proposed to be sold out and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBAADSUL): (a) and (b) The foreign exchange reserves of the country include gold, foreign currency assets and Special Drawing Rights (SDRs) issued by IMF to Government of India (GOI). Whenever the international prices of gold go up, the value of gold reserves also goes up on account of revaluation. The Reserve Bank of India is not contemplating any sales from its gold reserves.

Karnataka's request for withholding CENVAT

2236. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether Government of Karnataka has requested the Central Government to put on hold implementation of CENVAT system and continue with the old taxation policy in respect of powerloom and garment sectors, on account of immense opposition to CENVAT from these sectors; and

(b) if so, the details thereof and what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FiNANCE (SHRI SHRIPAD YESSO NAIK): (a) Yes, Sir. The Department of Revenue had received such request from the Chief Minister of Karnataka in the month of April, 2003.

(b) Substantial relief, and facilitation measures for protecting the interests of small and self-employed power loom weavers and ready-made garment manufacturers, were announced at the consideration stage of

† Original notice of the question was received in Hindi.

the Finance Bill, 2003 and thereafter. Small power loom weavers, having an annual turnover of Rs. 35 lakhs, have been given excise duty exemption on the first clearance of Rs.25 lakhs during the year vide notification No. 35/2003-CE, dated 30.4.2003. Similarly, small garment manufacturers, having an annual turnover of Rs. 40 lakhs have been given excise duty exemption on the first clearance of Rs. 30 lakhs during the year vide notification No. 34/2003-Central Excise, dated 30.4.2003.

FDI limit in private sector banks

2237. SHRIGAYA SINGH:
SHRIV.V. RAGHAVAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to raise Foreign Direct Investment (FDI) limit in private sector banks to 74 per cent from the present 49 per cent; and

(b) if so, the details thereof and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIANANDRAO VITHOBAADSUL): (a) and (b) Government have taken an in principle decision to enhance the limit on Foreign Direct Investment in banking companies to facilitate setting up of subsidiaries by foreign banks and to invite investment in private sector banks. Modalities for implementing the decision are being worked out and executive instructions are expected to issue thereafter.

Increased market borrowing of States

2238. SHRI B.J. PANDA: Will the Minister of FINANCE be pleased to state:

(a) whether RBI has cautioned States on increased market borrowings;

(b) whether RBI has issued certain guidelines to control expenditure, contain debt and evolve a better cash management system, if so, the details thereof; and